

STATE OF FLORIDA

Commissioners:
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Public Service Commission

September 24, 1997

BY AIRBORNE EXPRESS

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street NW, Room 222
Washington, DC 20554

Re: CC Docket No. 96-45 - Federal-State Joint Board on Universal Service.

CC Docket Nos. 96-262, 94-1, 91-213, 95-72 - Access Charge Reform, Price Cap
Performance Review for Local Exchange Carriers, Transport Rate Structure and
Pricing, End User Common Line Charge.

Dear Mr. Caton:

Enclosed are an original plus 12 copies of the Florida Public Service Commission's Comments
to be filed in the above docket. Please date-stamp one copy and return it in the enclosed, self-
addressed stamped envelope.

Sincerely,

Cynthia B. Miller
Cynthia B. Miller
Senior Attorney

CBM:jmb
Enclosure
cc: Parties of Record

12. of Copies rec'd
UNASCODE

**Before the
Federal Communications Commission
Washington, D.C. 20554**

SEP 25 1997

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
Access Charge Reform,)	
Price Cap Performance Review)	
for Local Exchange Carriers,)	CC Docket Nos. 96-262, 94-1,
)	91-213, 95-72
Transport Rate Structure)	
and Pricing, End User Common)	
Line Charge)	
_____)	

**COMMENTS OF THE FLORIDA PUBLIC SERVICE COMMISSION IN
RESPONSE TO SECOND FURTHER NOTICE OF PROPOSED RULEMAKING**

On September 4, 1997, the Federal Communications Commission (FCC) released a Second Further Notice of Proposed Rulemaking (Second FNPRM) to elicit comment regarding the appropriate treatment of presubscribed interexchange carrier charges (PICCs) with respect to Lifeline customers who opt for toll blocking services. The Florida Public Service Commission (FPSC) is pleased to provide comments on how best to remedy this inconsistency between the FCC's access charge reform and universal service orders.

The conflict between the two orders arises as follows. In its access charge reform order the FCC created the PICC, a new flat-rated non-traffic sensitive (NTS) cost recovery mechanism to

be assessed to interexchange carriers (IXCs) based on their presubscribed access lines. The combination of this new rate element, plus increases to subscriber line charges (SLCs), eventually will enable price cap LECs to eliminate their carrier common line (CCL) charges. PICCs go into effect on January 1, 1998; the initial monthly charge for primary residential lines will be \$.53 per line. PICCs are intended to be assessed by price cap LECs to IXCs; however, if a customer is not presubscribed to an IXC, the access charge order allows a LEC to bill the PICC to the end user. (§ 2)

In its May 8, 1997 Universal Service order the FCC observed that nonpayment of toll charges is a primary cause of subscribers having their telephone service disconnected. The FCC concluded that voluntary toll blocking (blocks toll calls) and toll-control service (limits amounts spent on toll calls) should be made available to Lifeline subscribers at no charge. (§ 3) A Lifeline customer who had toll blocking would be unlikely to be presubscribed to an IXC because his 1+ toll calls would be blocked. Consequently, a LEC could assess the PICC to the Lifeline customer -- which would discourage Lifeline subscribers from opting for toll blocking service. (§ 4)

In the Second NPRM the FCC proposes that the \$.53 primary residential PICC should be waived for Lifeline customers who receive toll blocking. (§ 5) The FPSC wholeheartedly agrees that

the PICC should be waived in these circumstances, in order to eliminate the incentive it creates for Lifeline customers to avoid a service that may benefit them.

The FCC further concludes that these waived charges are attributable to the provision of Lifeline service, and should be recovered in a competitively neutral manner from all telecommunications carriers through the federal low-income universal service program. (¶ 5) Accordingly, under the FCC's proposal price cap LECs will effectively pay a portion of a charge that they otherwise would have assessed either to IXC's or to end users. The FPSC acknowledges that this is a reasonable proposal, when the focus is the universal service aspect of these waived charges.

However, we note that an even more compelling argument can be made that recovery of these charges should be solely from the IXC's. The PICC is primarily intended to recover NTS costs that currently are recovered from IXC's through the usage-sensitive CCL. The combination of increased SLCs (paid by end users) and the PICCs (intended to be paid by IXC's) ultimately will result in the elimination of the CCL. If the PICCs recovered 100% of the revenues currently recovered through the CCL, the IXC's should be relatively indifferent. However, the IXC's actually are net beneficiaries of the new access rate, due to the increases in the SLCs. Consequently, it would be appropriate to conclude that

since the PICC was designed to recover IXC costs, the IXCs should pay all PICCs.

Respectfully submitted,

Cynthia B. Miller
CYNTHIA B. MILER *by j*
Senior Attorney

FLORIDA PUBLIC SERVICE COMMISSION
2540 Shumard Oak Boulevard
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SEP 22 1997

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Line Charge)	
_____)	

CERTIFICATE OF SERVICE

I HEREBY CERTIFY on this 24th day of September, 1997, a true and correct copy of the foregoing Florida Public Service Commission's Comments was furnished to parties on the mailing list previously used in these dockets.

Cynthia B. Miller
CYNTHIA B. MILLER
Senior Attorney